

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7436

BILL NUMBER: HB 1347

NOTE PREPARED: Jan 10, 2007

BILL AMENDED:

SUBJECT: Alcoholic beverage licensee liability insurance.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires a person who holds a license or permit to sell or deliver alcoholic beverages for consumption on or off the licensed or permitted premises to procure and maintain a policy of liability insurance after December 31, 2007, to cover the person's liability for damages that arise out of the person's sale or delivery of alcoholic beverages. The bill provides a procedure for a person who holds a license or permit to obtain a certificate of self-insurance from the Department of Insurance (DOI). It requires the Commissioner of the DOI to adopt rules to establish minimum amounts of insurance and self-insurance coverage.

Effective Date: Upon passage.

Explanation of State Expenditures: The DOI may issue a certificate of self-insurance if the DOI is satisfied that the person making the application is possessed and will continue to be possessed of the ability to pay a judgment obtained against the person for damages that arise out of the person's sale or delivery of alcoholic beverages. The minimum amounts of insurance and self-insurance coverage required must be established in rules adopted by the DOI Commissioner. The above provisions will increase administrative expenses for the DOI. However, it is expected that the DOI will be able to cover any additional expenses given its current resources.

Explanation of State Revenues: A person who violates provisions of the bill are subject to various penalties, including fines; suspension and revocation of licenses or permits; and civil and criminal penalties under the oversight of the Alcoholic Beverage Commission (ABC). It is possible that fines and penalties will increase revenue to the state General Fund. Civil fines are deposited in the state General Fund. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state

General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: ABC; DOI.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

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